SYNOPSIS

GREEN MARKETING CONSUMER ATTITUDE TOWARDS ECO FRIENDLY FAST MOVING HOUSEHOLD CARE AND PERSONAL CARE PRODUCTS

Synopsis submitted in partial fulfillment of the requirement for the Doctorate Degree in Management

By

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ABSTRACT

GREEN MARKETING: CONSUMER ATTITUDE TOWARDS ECO-FRIENDLY FAST MOVING HOUSEHOLD CARE AND PERSONAL CARE PRODUCTS

Green marketing is the process of developing products and services that do not have a detrimental impact on the environment and promoting them to satisfy the customers who prefer products of good quality, performance and convenience at affordable cost. It is reported that, to a great extend, environmental degradation has been brought about by the over consumption activities of private households. India is no exception to this rule. With the growth of Indian economy, the Indian consumer has higher disposable income than before. With the ever-increasing penetration of internet and social media, the purchasing behaviour of Indian consumers has changed dramatically. The spread of education and thus awareness has made Indian consumer pay attention towards deteriorating environment**.** However, the consumers' indications of positive attitude towards environmental issues do not necessarily lead to actual environmentally friendly purchasing behaviour. The primary objective of this study is to determine the attitude and perception of the Indian consumers for eco-friendly fast moving household and personal care products in terms of product, price, place, and promotion. The study specifically focuses on fast moving consumer goods because they have a quick turnover, are of relatively low cost and used almost daily by individuals. The study is conducted in urban Faridabad, a National Capital Region city, with demographic profile of people as independent variable and targeting people who have achieved education at least up to higher secondary level.

Key words: Green Marketing, Product Mix, Fast moving household and personal care products

Introduction

In recent times, the environment has emerged as a hot issue for societies, governments, in addition to business organizations. The environmental challenges confronting the world today are greater than at any time in history. Its significance originates from escalating environmental degradation such as solid wastes, ozone depletion, global warming, and air pollution. Man's greed for socio-economic progress and in his curiosity to probe into and understand the philosophy of the creation, he initiated exploitation of not only co-human and other beings, but also the faculty of natural resources. Concern over the environment has evolved through several distinct phases. From the 1960s ecology movement focusing on pollution and energy conservation, to the recent use of environmental issues as a source of competitive advantage in business and politics, individual and societal concerns over environmental issues have become increasingly apparent to the casual observer in the present century. This evolution has resulted in an expanded list of issues that fall within the domain of environmental responsibility.

Green marketing is the process of developing products and services and promoting them to satisfy the customers who prefer products of good quality, performance and convenience at affordable cost, which at the same time do not have a detrimental impact on the environment. Green Marketing can be viewed both as a type of marketing and a marketing philosophy. As a type of marketing it is like industrial or service marketing, and is concerned with marketing of a specialized kind of product, i.e. green product (including green goods such as fuel efficient cars or recycled products as well as green ideas such as “save oil” or “conserve natural habitat”). As a philosophy, green marketing runs parallel to the societal marketing concept and espouses the view that satisfying customers is not enough and marketers should take into account ecological interests of the society as a whole.It includes a broad range of activities like product modification, changing the production process, modified advertising, change in packaging, etc., aimed at reducing the detrimental impact of products and their consumption and disposal on the environment. Other similar terms used are Environmental Marketing and Ecological Marketing. Companies all over the world are striving to reduce the impact of products and services on the climate and other environmental parameters. Marketers are taking the cue and are going green.

As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization's objective. So green marketing is inevitable.

Public concern for environmental issues has gradually but steadily increased over the past three decades since the inception of Earth Day (Kim and Choi, 2005) appealing to preserve nature and biodiversity. Worldwide evidence indicates people are concerned about the environment and are changing their behaviour. As a result of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services.

It is notable that pro-environmental behaviours differ from general purchase-related consumer behaviours. General purchase behaviour is driven by an assessment of its benefits and costs that are of immediate relevance solely to the individual consumer performing the behaviour. By contrast, environmentally conscious behaviour is unlikely to deliver instant personal gain or gratification, but rather a future-oriented outcome (e.g. cleaner environment) that often benefits society as a whole (Mc Carty and Shrum, 2001; Kim and Choi, 2005). Although the level of consciousness and concern about environment is proven to be high in many countries, this doesn't translate automatically into pro-environmental behaviour. There seems to exist a cognitive dissonance as only a few 'green' products have been successful so far (Reitman, 1992) despite the vast majority of consumers reporting that their purchases were influenced by environmental concerns (Chase and Smith, 1992).A report on forest certification released by the Vermont Sustainable Jobs Fund (VSJF) in 2006, shows that there is inconsistency between consumer environmental concern and purchase behaviour of certified products. The impact of environmental consciousness on consumer purchasing behaviour therefore remains unclear. Green appeals and exhortations are not likely to attract mainstream consumers unless they also offer a desirable benefit, such as cost-savings or improved product performance. Green marketing must satisfy two objectives: improved environmental quality and customer satisfaction. While consumers say in surveys that environmentalism impacts their product choices, a variety of factors typically can impede green purchasing behaviour, ranging from their immediate availability to price to convenience to perceived green product effectiveness. "A number of personal motivations and external factors impact green purchasing behaviour, and targeting the elusive 'green consumer' can be challenging.

Increasing economic activities in developing countries such as India result in more energy and consumption demand, which generally lead to environmental degradation. There is a conventional belief that such environmental degradation would resolve as soon as these countries grow economically since that would enable them to afford environmental friendly technology as well as pro-environmental regulations and policies. However, several studies indicated that many developing countries already equipped with environmental policies, legal frameworks and economic instruments, which are regarded as highly sophisticated by international standards and yet face the worsening of environmental conditions. Major difficulties these countries confront are not only the lack of legal and economic framework for environmental protection, but also lack of participation among general public in pro-environmental behaviours.

Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods (FMCG). Examples of FMCG generally include a wide range of frequently purchased consumer products such as toiletries, soaps, cosmetics, tooth cleaning products, shaving products and detergents. By definition, FMCG addresses to a very core and inescapable need in the consumer's life and so it is less prone to economic swings than high ticket items such as television or even apparel.

The Indian FMCG sector is the fourth largest in its economy and has a market size of US$13.1 billion. FMCG sector generates 5% of total factory employment in the country and is creating employment for three million people, especially in small towns and rural India. Well-established distribution networks, as well as intense competition between the organized and unorganized segments are the characteristics of this sector. FMCG sector in India has a strong and competitive MNC presence across the entire value chain. It has been predicted that the FMCG market will touch US$ 33.4 billion in 2015 from US $ billion 11.6 in 2003. The middle class and the rural segments of the Indian population are the most promising market for FMCG, and give brand makers the opportunity to convert them to branded products. Most of the product categories like jams, toothpaste, skin care products, shampoos, etc, in India, have low per capita consumption as well as low penetration level, but the potential for growth is huge.

Literature Review

Green marketing can be defined as, *"All activities designed to generate and facilitate any exchange intended to satisfy human needs or wants such that satisfying of these needs and wants occur with minimal detrimental input on the national environment."(*Polonsky, 1994)

"Green Marketing is the holistic management process responsible for identifying, anticipating and satisfying the requirements of customers and society, in a profitable and sustainable way (Peattie, 1995)".

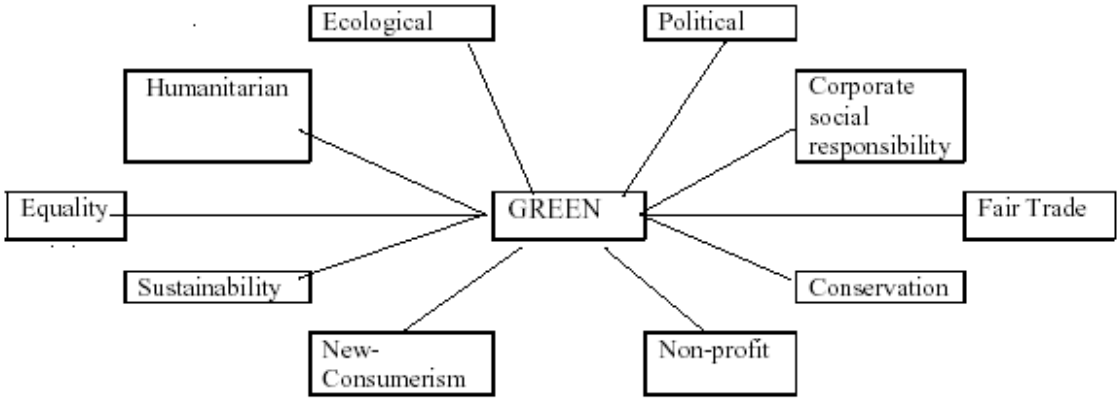

Figure 1: The many meanings of green

Source: (Peattie, K. 1995, Environmental Marketing Management, p. 26)

As per Brundtland Commission (1987) "Green Marketing refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Rowell, 1996)".

The term 'green businesses' is defined by Smith (2003) and Friend (2009) as businesses and practices that are viewed as environmentally sound, including the use of organic and natural products to build factories, tighter protection against emissions and environmentally friendly sourcing of materials.

Zsolnai (2002) defines a green business as a business that has adopted the concept of environmentalism across the various functions of the business.

Gilbert (2007) identifies a green business activity as any activity that is performed in a manner that has either limited negative ecological impact or directly benefits the natural environment in some way.

Soonthonsmai (2007) defined green marketing as the process and activities taken by firms by delivering environmentally sound goods or services to create consumers satisfaction.

Green marketing, also known as sustainable marketing and environmental marketing involve designing, promoting, pricing and distributing products and services according to the customers' want and need, with minimal detrimental impact on the natural environment (Grant, 2008; Jain and Kaur, 2004; Kangis, 1992; Pride and Ferrell, 2008).

Green" products refer to "no pollution," "no environmental pollution," and "environmental protection", and symbolizes "health" and "sustainability" (Ottman, 1999). The general criteria of green products are as follows: the processes of production, consumption, use and discard would not over-consume energy or resources, damage the environment, affect human or animal health, result in unnecessary wastes due to over-packaging and short product life, or use endangered animal species for raw materials, as well as products that can be reused or recycled.

The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as ***"Ecological"*** green marketing, and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was ***"Environmental"*** green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was ***"Sustainable"*** green marketing. It came into prominence in the late 1990s and early 2000.

Since the industrial revolution, humans have done irreparable damage to the planet. They've exploited natural resources beyond their regenerative capacity, altered ecosystems and extinguished entire species of plants and animals. Today, Consumerism runs so deep in modern society it has effectively produced subconscious driving forces that help to steer our behaviour. For many people, a key driving force in life is to accumulate wealth and then

spend it, taking full advantage of all the goods and services available. According to some studies, thirty to forty per cent of current environmental degradation is due to the consumption activities of private households (Grunert, 1993). GreenBiz (July 29,2009) reports even though consumers are enamored with the idea of having cupboards and closets full of "green" products, they have not been willing to pay higher prices or accept compromises on quality. Showing the power of impulse buys, about 62 percent of shoppers say that the availability of green product options can impact unplanned purchases.
Some other nuggets from the poll:

- Only 10 percent of respondents consider environmental friendliness to be the most important factor in a purchasing decision.
- About 60 percent said they would pay more for what they consider to be a "green" product.

In an another study of consumer opinions of marketing claims, 22 percent of survey respondents said they have no way of knowing whether a product is green or not, according to research conducted by the Shelton Group. People are uncertain what to trust, so there's almost a 'buyer beware' attitude in the market, with consumers feeling they have to rely primarily on what they can read on the label, consumers want a trusted source for accreditation, one that is simple to understand. Consumers don't like to be misled or betrayed by brands they trust.

Shoppers are thinking green, but not always buying that way, according to by the Grocery Manufacturers Association (September, 2007). The study found that while 54 percent of shoppers indicate that environmental sustainability in a factor in their purchasing decisions, they actually bought green products on just 22 percent of their shopping trips. The survey is the basis of the GMA-Deloitte report titled *Finding the Green in Today's Shoppers: Sustainability Trends and New Shopper Insights* and was based on interviews with over 6,400 shoppers. The question remains why consumers hardly purchase green products and what the factors are those causes the low market share of green products. It seems that different factors impede green purchasing behaviour. Moving towards environmentally conscious behaviour and sustainable consumption is one of the main challenges for the mankind in the present era.

Companies that develop new and improved products and services with environment inputs in mind give themselves access to new markets, increase their profit sustainability, and

enjoy a competitive advantage over the companies which are not concerned for the environment. Green Marketing is depending on five possible reasons.

- Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives
- Organizations believe they have a moral obligation to be more socially responsible
- Governmental bodies are forcing firms to become more responsible [Davis 1992];
- Competitors' environmental activities pressure firms to change their environmental marketing activities [Davis 1992]
- Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behaviour [Keller, K.L. 1993]

However, industry lacks clear definitions and standards, some companies have been able to make sweeping and unsubstantiated claims about their environmental credentials. Marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. That has caused many consumers to become skeptical about green products and companies to become wary of offering them. Nearly all the consumers in an survey reported being confused when shopping for green products and uncertain about exactly what being green means, what benefits it provides, and how to tell if a product is green. In fact, when presented with a list of 13 sources of information about green products, most of the survey participants ranked independent consumer reports as the most credible source, followed by academic and scientific publications, family and friends, and nongovernmental organizations (NGOs) and public-interest groups. Manufacturers were ranked eighth, and retailers were even closer to the bottom of the list.

Yet when it was asked how consumers judge whether a product is truly green, one-half to three-quarters of respondents admitted that they rely on product advertisements, although an even greater portion said they are skeptical about advertising claims. Although, eco-labelling is an important tool to overcome market failure due to information asymmetries for environmental products, cconsumers often consult labels, too, even though they don’t always believe them. Only 28 percent said that they understand the differences among various symbols for green certification. And a majority of consumers consider many certification

labels to be misleading. In the absence of green certifications, eco-labels, and other indications of a product's environmental performance, the final decision frequently comes down to corporate reputation. The bigger the brand, the bigger the potential gain

It must be kept in mind that consumers are unlikely to compromise on traditional product attributes, such as convenience, availability, price, quality and performance. It's even more important to realize, however, that there is no single green-marketing strategy that is right for every company. (Prothero,, and McDonagh, 1992) Despite the increasing eco-awareness in contemporary market economies, it is generally recognized that there are still considerable barriers to the diffusion of more ecologically oriented consumption styles

Based on the definition of green products and product attributes, this study defines the attributes of green products as follows: product characteristics of "recyclable, low pollution, energy-saving, and no harm to human or animal health" in the product life cycle. For example, green laundry detergent does not contain phosphorous, is highly bio-degradable, and emphasizes on protecting aquatic environments.

RESEARCH PROBLEM AND OBJECTIVE

The study highlights the importance of the new paradigm 'environmental marketing' and consumer's perception regarding the environment and eco-friendly products. Though we have a plethora of laws for protecting the environment, environmental improvements have not taken place in the right direction. Unless markets**,** corporate and consumers participate proactively, environmental improvement will hardly be achieved.Consumers have to largely aware of the usefulness of adapting to the green products. Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. (Michael Jay Polonsky, 1994). Today, marketers of FMCG sector use environment friendly packaging and modify the products to minimize the environment pollution. However there is a big argument among the marketing philosophers regarding attractiveness of green product to customers in developing country like India. With this background, the researchers have made attention on attractiveness of green marketing strategies in India. The Main objectives of the study is,

- To determine the consumers' pro-environmental concerns,

- To determine awareness of eco-friendly products among Indian customers
- To study the attitude of Indian Consumers towards Eco-friendly products with specific reference to fast Moving household care and personal care products and its impact on their purchasing decision.

Null Hypothesis

H1: Indian Consumers are not significantly concerned about environmental degradation.

H2 Demographic Variables have no impact on Eco-friendly behaviour of the consumers.

H3 There is no relationship between key variables of green marketing mix and consumer Eco-buying behaviour with specific reference to fast Moving household care and personal care products.

Research Methodology

Churchill (1991, p 127, as quoted in Pujari, 1996) writes:

> "A research design is simply the framework or plan of the study used as a guide in collecting and analysing data. It is the blueprint that is followed in completing a study".

The present exploratory research discusses the concept of green marketing and its interface with consumers. It will be based on the data collected through a field survey of 500 consumers through structured questionnaire, to assess their attitude towards green marketing. In this type of survey probability sampling methods like random stratified and cluster etc. will not be suitable as the population using the environmentally friendly products is not well definite. Non probability approach of sampling will be adopted by the researchers, and Judgment and convenience sampling methods will be used for selecting the subjects to ensure that subjects are from metro, city and town representing both the genders, different age groups, education level, marital status and monthly income. The survey will be conducted in Faridabad, a city in National Capital Region. Consumers from urban areas only will be surveyed. Demographic variables, such as gender, income, qualification and age, will be

taken into consideration along with urban classifications. Secondary data will be collected using published texts including reports of Chambers of Commerce, Government of India, various Rating Agencies, various business publications and reports made available by Fast Moving Consumer Goods companies. Parametric as well as non - parametric tests will be used for data analysis.

For the purpose of this study we will define Fast Moving Consumer Goods as personal care products, home cleaning products and detergents only.

Standard editing and coding techniques will be utilized. Simple tabulation and cross tabulations will be utilized to analyze the data.

A written report will be prepared and an oral presentation of the findings will be made by the research analyst. It will take minimum of two years to complete this report.

Expected Contribution of the Study

The aim of this my research is to attempt to discover the micro-purchase decision process of green consumers. With the above frame work, the study will try to comprehend how Green Marketing Initiatives can be made more effective in developing countries like India. The identified key predictor could provide knowledge to the marketers to segment the market for the ecologically concerned consumers and come out with appropriate marketing strategies to satisfy the needs and wants of both consumers and Eco-system. The results obtained during this study can be extended to other industries to view their effectiveness in making them also more environmental friendly.

Limitations

Besides budgetary constrains, the sample size of 500 people belonging to various socio-economic strata in National Capital Region may not be the true representation of Indian society. Since non probability sampling methods are used; there might be some error in this method. Consumers from urban Faridabad of National Capital Region will be surveyed, ignoring rural population. Further, from the study of literature survey it was found that consumer living in urban areas are more environmentally concerned in comparison to the

rural consumers (Durand and Sharma, 1982; Antil, 1984; Samdahl and Robertson, 1989; Schwartz and Miller,1991).Therefore, researchers have not taken into consideration the rural population for data collection. There is not much research work done in this field or similar field in India. Hence, it was not possible to find literature in Indian context.

Key words: Green Marketing, Product Mix, Fast moving household and personal care products

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